

(continued . . .)

SIDLEY AUSTIN BROWN & WOOD

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WRITER'S DIRECT NUMBER
(202) 736-8224

WRITER'S E-MAIL ADDRESS
cbeckner@sidley.com

November 7, 2001

Via Courier to Mellon Bank

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

Re: British Telecommunications plc
BT Group plc and AT&T Corp.
Request for Transfer of Control of its
Submarine Cable Landing Licenses

Dear Ms. Salas:

Transmitted herewith on behalf of British Telecommunications plc, BT Group plc and AT&T Corp. are an original and five copies of a request for Transfer of Control. A signed FCC Form 159 and a check in the amount of \$815.00, the required filing fee, are also enclosed.

Please direct any questions regarding this filing to the undersigned.

Sincerely,



C. Frederick Beckner, III

Enclosures

Cc: George Li
International Bureau, Telecom Branch, w/encl.

127829

Sidley Austin Brown & Wood
WASHINGTON, DC 20006

CITIBANK, F.S.B.
WASHINGTON, DC 20038-0867

DATE 11/06/2001

AMOUNT *****815.00

PAY TO THE ORDER OF

PAY 815.00

VOID OVER \$815.00

Sidley Austin Brown & Wood

Ronald S. Hays

FCC

00129647

11/06/2001 15:20:11 2540

READ INSTRUCTIONS, CAREFULLY
BEFORE PROCEEDINGFEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB

3060-0589

Page No 1 of 1

(1) LOCKBOX #

358115

SPECIAL USE

FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card)

Sidley Austin Brown & Wood

(3) TOTAL AMOUNT PAID (U.S. Dollars and cents)

\$815.00

(4) STREET ADDRESS LINE NO. 1

c/o David Lawson

(5) STREET ADDRESS LINE NO. 2

1501 K Street, N.W.

(6) CITY

Washington

(7) STATE

DC

(8) ZIP CODE

20005

(9) DAYTIME TELEPHONE NUMBER (include area code)

202-736-8000

(10) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(11) PAYER (FRN)

(12) PAYER (TIN)

362158694

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

(13) APPLICANT NAME

Concert Global Networks USA L.L.C.

(14) STREET ADDRESS LINE NO. 1

c/o AT&T Corp.

(15) STREET ADDRESS LINE NO. 2

295 North Maple Avenue, Room 1142M1

(16) CITY

Basking Ridge

(17) STATE

NJ

(18) ZIP CODE

07920

(19) DAYTIME TELEPHONE NUMBER (include area code)

908-221-8410

(20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(21) APPLICANT (FRN)

(22) APPLICANT (TIN)

522143505

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID

(24A) PAYMENT TYPE CODE

(25A) QUANTITY

CUT

1

(26A) FEE DUE FOR (PTC)

(27A) TOTAL FEE

\$815.00

FCC USE ONLY

(28A) FCC CODE 1

(29A) FCC CODE 2

(23B) CALL SIGN/OTHER ID

(24B) PAYMENT TYPE CODE

(25B) QUANTITY

(26B) FEE DUE FOR (PTC)

(27B) TOTAL FEE

FCC USE ONLY

(28B) FCC CODE 1

(29B) FCC CODE 2

SECTION D - CERTIFICATION

(30) CERTIFICATION STATEMENT

I, C. Frederick Beckner, III, certify under penalty of perjury that the foregoing and supporting information is true and correct to
the best of my knowledge, information and belief. SIGNATURE C. Frederick Beckner III DATE 11/07/01

SECTION E - CREDIT CARD PAYMENT INFORMATION

(31)

MASTERCARD/VISA ACCOUNT NUMBER:

EXPIRATION

☐ MASTERCARD☐ VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described.

SIGNATURE _____

DATE _____

¹ Subsequent to the filing of this application, BT will reorganize itself by creating two new parent companies, BT Group Investments Limited and BT Group plc, in the chain of ownership over British Telecommunications plc. For simplicity, in this application “BT” will refer to either or both of British Telecommunications plc and BT Group plc.

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB
5060-0589

Page No 1 of 1

(1) LOCKBOX #

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c/o David Lawson

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IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

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Basking Ridge

(17) STATE

NJ

(18) ZIP CODE

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522143505

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(23A) CALL SIGN OTHER ID

(24A) PAYMENT TYPE CODE

(25A) QUANTITY

CUT

1

(26A) FEE DUE FOR (PTC)

(27A) TOTAL FEE

\$815.00

FCC USE ONLY

(28A) FCC CODE 1

(29A) FCC CODE 2

(23B) CALL SIGN OTHER ID

(24B) PAYMENT TYPE CODE

(25B) QUANTITY

(26B) FEE DUE FOR (PTC)

(27B) TOTAL FEE

FCC USE ONLY

(28B) FCC CODE 1

(29B) FCC CODE 2

SECTION D - CERTIFICATION

(30) CERTIFICATION STATEMENT

I, C. Frederick Beckner, III

the best of my knowledge, information and belief.

SIGNATURE

C. Frederick Beckner, III

DATE

11/6/01

SECTION E - CREDIT CARD PAYMENT INFORMATION

(31)

MASTERCARD VISA ACCOUNT NUMBER

EXPIRATION

☐ MASTERCARD

☐ VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described.

SIGNATURE

DATE

THIS MULTI-TONE AREA OF THE DOCUMENT CHANGES COLOR GRADUALLY AND EVENLY FROM DARK TO LIGHT WITH DARKER AREAS BOTH TOP AND BOTTOM.

Sidley Austin Brown & Wood
WASHINGTON, DC 20006

CITIBANK, F.S.B.
WASHINGTON, DC 20038-0987

15-7011
2540

127833

PAY
TO THE
ORDER OF

FCC

DATE
11/07/2001

AMOUNT
*****9815.00

 **PAY 815.00**
ONLY PER PERSON

VORD OVER 4815.00

Sidley Austin Brown & Wood

Michael V. Kennedy

00129647

127833 12540701161

3740 0053

SIDLEY AUSTIN BROWN & WOOD
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SHANGHAI
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TOKYO

WRITER'S DIRECT NUMBER
(202) 736-8224

WRITER'S E-MAIL ADDRESS
beckner@sidley.com

November 7, 2001

Via Courier to Mellon Bank

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

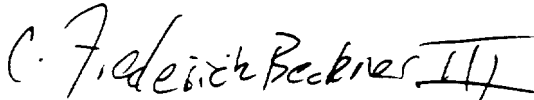
Re: British Telecommunications plc,
BT Group plc and AT&T Corp
Request for Transfer of Control of its Domestic
Section 214 Authority

Dear Ms. Salas:

Transmitted herewith on behalf of British Telecommunications plc, BT Group plc and AT&T Corp. are an original and five copies of a request for Transfer of Control of its Domestic Section 214 Authority. A signed FCC Form 159 and a check in the amount of \$815.00, the required filing fee, are also enclosed.

Please direct any questions regarding this filing to the undersigned.

Sincerely,


C. Frederick Beckner, III

Enclosures

Cc: George Li
International Bureau, Telecom Branch, w/encl.

CGN USA was formed by AT&T and BT in connection with the Concert joint venture. The Concert joint venture is a fifty-fifty partnership between AT&T and BT created for the purpose of providing various international telecommunications services to multinational corporations and other carriers. In furtherance of that purpose, CGN USA also provides nationwide interstate, domestic telecommunications services. For business reasons, AT&T and BT have decided to unwind this joint venture. A copy of the termination agreement is attached hereto.

As part of the unwind, BT will transfer to an indirect, wholly-owned subsidiary of AT&T, VLT US HoldCo L.L.C. ("VLT"), the 50 percent ownership interest in CGN USA that BT currently holds. At that point, VLT will own 100 percent of the stock of CGN USA and, therefore, CGN USA will become an indirect, wholly-owned subsidiary of AT&T.

In addition to this Application, the Parties are also filing an application under section 214 and the Cable Landing License Act for transfer of control of CGN USA and for assignment of authority under submarine cable landing licenses. That filing governs the transfer of control of CGN USA as a holder of international section 214 authority and cable landing licenses and the assignment of authority under the cable landing licenses CGN USA holds to parties controlled by AT&T and BT. The Parties will subsequently make any filings necessary to discontinue the offering of domestic and international telecommunications services by the Concert joint venture.

No conceivable public interest concern is implicated by the unwinding of the joint venture. There can be no question of AT&T's fitness to provide domestic telecommunications services. AT&T is a leading provider of such services with a well-established reputation for providing high-quality services and complying with applicable Commission rules and regulations.

Finally, the dissolution of the Concert joint venture raises no competition-related issues. AT&T and BT originally created the Concert joint venture so that they could combine their resources to compete for the international services business of multinational corporations and other carriers. As a result of the unwind, the AT&T companies and the BT companies will once again compete head-to-head to serve those customers. Thus, the dissolution will *decrease* market concentration and increase competition. See *WorldCom-MCI Order*, 13 FCC Rcd 18025 ¶ 20 (1998) (citing *United States v. Marine Bancorporation*, 418 U.S. 602 (1974); *Antitrust Law Developments*, at 346-50 (4th ed. 1997)); see also *Yamaha Motor Co. v. FTC*, 657 F.2d 971, 977-79 (8th Cir. 1981) (entry which de-concentrates market is inherently pro-competitive).

As suggested by the Commission in Public Notice DA 01-1654 (rel. July 20, 2001), the Parties provide, to the extent applicable for a domestic section 214 authority, the information pursuant to 47 C.F.R. § 63.18.

- (a) The address and telephone number of the licensee, CGN USA, is:

Concert Global Networks USA L.L.C.
11921 Freedom Drive
Reston, Virginia 20190
Tel: (703) 707-4000

The address and telephone numbers of the transferors, British Telecommunications plc and BT Group plc, are:

BT Group plc
81 Newgate Street
London EC1A 7AJ, England
Tel: 011-44-20-7356-5000

British Telecommunications plc
81 Newgate Street
London EC1A 7AJ, England
Tel: 011-44-20-7356-5000

The address and telephone numbers of the transferee, AT&T Corp., is:

AT&T Corp.
295 North Maple Drive
Basking Ridge, NJ 07290
Tel: (908) 221-2000

- (b) Licensee CGN USA is a limited liability corporation organized under the laws of the State of Delaware. Transferors British Telecommunications plc and BT Group plc are corporations organized under the laws of England and Wales. Transferee AT&T Corp. is a corporation organized under the laws of New York.
- (c) Correspondence should be sent to:

Michelle L. Gallagher
Concert Global Networks USA L.L.C.
11921 Freedom Drive
Reston, VA 20190
Tel: (703) 707-4225
Fax: (703) 707-4080

Lawrence J. Lafaro
James J.R. Talbot
AT&T Corp.
Room 1142M1
295 Maple Avenue
Basking Ridge, NJ 07920
Tel: (908) 221-8410
Fax: (908) 953-4490

Joel S. Winnik
Douglas A. Klein
Counsel for
British Telecommunications plc and
BT Group plc
c/o Hogan & Hartson L.L.P.
555 Thirteenth Street NW
Washington, DC 20004
Tel: (202) 637-5600
Fax: (202) 637-5910

James E. Graf II
BT North America Inc.
11911 Freedom Drive
Suite 1100
Reston, VA 20190
Tel: (571) 203-6864
Fax: (571) 203-6980

with a copy to:

David L. Lawson
Sidley Austin Brown & Wood
1501 K Street, N.W.
Washington, DC 20005
Tel: (202) 736-8000
Fax: (202) 736-8711

and

A. Sheba Chacko
Linda J. Cicco
BT Group Legal Services
11911 Freedom Drive
Suite 1100
Reston, VA 20190
Tel: (571) 203-6813
Fax: (571) 203-6889

- (d) Licensee CGN USA and Transferor AT&T are authorized to own and operate submarine cable facilities and satellite circuits, and to provide international basic switched, private line, data, television and business services pursuant to

international Section 214 authorizations that are a matter of record with the Commission.

Transferee BT does not provide telecommunications services in the United States. Its wholly-owned subsidiary, BTNA, is authorized to own and operate satellite circuits and to provide international basic switched, private line, data, television and business services pursuant to international Section 214 authorizations that are a matter of record with the Commission.

- (e) The Parties seek to transfer control of CGN USA, a common carrier holding domestic section 214 authority.
- (f) No response required.
- (g) No response required.
- (h) There is no shareholder or other equity holder owning 10% or more of AT&T. As explained above, at the close of the proposed transaction, CGN USA will be a wholly-owned indirect subsidiary of AT&T. Subsequent to the consummation of the proposed transaction, the following companies will directly and indirectly own 10% or more of CGN USA:

Name	Address	Citizenship	Principal Business	Percent of Ownership
VLT US HoldCo L.L.C.	412 Mt. Kemble Ave. Morristown, NJ 07960	Delaware	Holding Company	100% of CGN USA
AT&T Communications Services Jamaica L.L.C. (formerly VLTH Company L.L.C.)	412 Mt. Kemble Ave. Morristown, NJ 07960	Delaware	Holding Company	100% of VLT US HoldCo L.L.C.
AT&T Corp.	295 N. Maple Ave. Basking Ridge, NJ 07920	New York	Telecommunications	100% of AT&T Communications Services Jamaica L.L.C.

- (i) – (m) Not applicable.

Required Anti-Drug Abuse Act Certification

The Parties hereby certify that no party to this Application, as defined in 47 C.F.R. § 1.2002(b), is subject to denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.

CONCLUSION

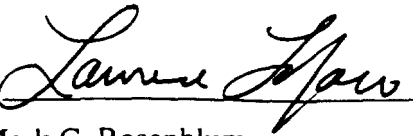
Accordingly, Applicants respectfully request that the Commission grant authority for the transfer of control domestic section 214 authority, as requested herein.

Respectfully submitted,

Concert Global Networks USA L.L.C.

By: Michelle L. Gallagher
Michelle L. Gallagher
Concert Global Networks USA L.L.C.
11921 Freedom Drive
Reston, VA 20190

AT&T Corp.

By: 

Mark C. Rosenblum
Lawrence J. Lafaro
James J.R. Talbot
AT&T Corp.
295 N. Maple Avenue
Basking Ridge, New Jersey 07920

David L. Lawson
C. Frederick Beckner III
Sidley Austin Brown & Wood
1501 K Street, N.W.
Washington, DC 20005
(202) 736-8000

Counsel for AT&T Corp. and Concert Global Networks USA LLC

British Telecommunications plc*
BT Group plc

By: Joel S. Winnik

Joel S. Winnik

Douglas A. Klein

Hogan & Hartson L.L.P.

555 Thirteenth Street N.W.

Washington, D.C. 20004

Their Attorneys

Dated: November 7, 2001

* Pursuant to 47 C.F.R. § 1.743(b), the attorney for this party is signing because no officer or duly authorized employee is in the United States.

TERMINATION AGREEMENT

by and among

AT&T CORP.,

AT&T COMMUNICATIONS SERVICES OF JAMAICA L.L.C.,

BRITISH TELECOMMUNICATIONS PLC,

BT (NETHERLANDS) HOLDINGS B.V.

and

CONCERT B.V.

As of October 15, 2001

TERMINATION AGREEMENT (this "Agreement"), dated as of October 15, 2001, by and among AT&T Corp., a corporation incorporated under the laws of the State of New York, United States of America ("AT&T"), AT&T Communications Services of Jamaica L.L.C., a limited liability company formed under the laws of the State of Delaware, United States of America (formerly known as VLTH Company L.L.C.) ("ACSJ," and together with AT&T, the "AT&T Parties"), British Telecommunications plc, a company organized under the laws of England and Wales ("BT"), BT (Netherlands) Holdings B.V., a *Besloten Vennootschap* organized under the laws of The Netherlands ("BT Holdings," and together with BT, the "BT Parties"), and Concert B.V., a *Besloten Vennootschap* organized under the laws of The Netherlands (formerly known as TNV (Netherlands) B.V.) ("Concert BV")

R E C I T A L S

A. Pursuant to a Framework Agreement, dated as of October 23, 1998, among the parties hereto, as amended by a Closing Agreement, dated as of November 22, 1999, among the parties hereto (the "Closing Agreement") (the Framework Agreement as amended by the Closing Agreement, together with all further amendments and modifications executed by the parties prior to or as of the date hereof, the "Framework Agreement"), AT&T and BT formed a joint venture which was implemented through Concert BV and its Subsidiaries (collectively, the "Concert Group")

B. Each of the parties acknowledge and agree that it is in the best interests of each party and the Concert Group to terminate the joint venture and wind up the business of the Concert Group as described in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, the adequacy and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

1.1 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context requires otherwise:

"A/B Concert Group" means either the AT&T Concert Group or the BT Concert Group.

"Additional Amount" means \$235,000,000 minus the sum of (i) the Pound Adjustment and (ii) the Canadian Note Adjustment.

"Adjusted Net Assets" of the AT&T Concert Group or the BT Concert Group means, as of the applicable date, total shareholders' equity as shown on the AT&T Concert Balance Sheet or the BT Concert Balance Sheet, as appropriate, excluding from the determination of assets, fixed assets (other than marketable securities, similar

instruments and long-term deposits), any assets acquired under Section 5.2(b), goodwill and other intangible assets, other non-current assets (other than marketable securities, similar instruments and long-term deposits), deferred tax assets, assets that are otherwise dealt with under the Employee Matters Agreement and any assets shown for Sharinga and NavLink, Inc. and excluding from the determination of liabilities, deferred taxes, any taxes (other than current tax liabilities) that are otherwise dealt with under the Tax Matters Agreement, all liabilities, including those reserved for, that are otherwise dealt with under the Employee Matters Agreement, any reserves (estimates) for claims arising from litigation or legal proceedings other than those pursuant to a binding settlement or similar agreement entered into prior to the Closing, any liabilities associated with Sharinga and NavLink, Inc., any reserves for real estate occupancy termination costs described in Section 4.4(g), debt and other liabilities owed to a parent or its Affiliates arising from the financing of the purchase of assets pursuant to Section 5.2(b), and the Excluded AT&T Liabilities or the Excluded BT Liabilities, as appropriate. In the calculation of the Adjusted Net Assets of the AT&T Concert Group or the BT Concert Group, any cash received by a member of the Concert Group for any Parental Closing Asset Transfers shall not be taken into account, but any assets and liabilities that have been so transferred shall be included to the extent they would have been included in the determination of Adjusted Net Assets as provided in the first sentence of this definition if they had been acquired by a member of an A/B Concert Group. The calculation of Adjusted Net Assets shall take into account any adjustments required by Section 4.2(c)(ii).

“Allocated Businesses” means the AT&T Allocated Business and the BT Allocated Business collectively.

“AT&T Allocated Business” means the AT&T Assets and the businesses related thereto.

“AT&T Concert Group” means any member of the Concert Group that is listed on Schedule 2.1(c) and identified as to be transferred or otherwise allocated to AT&T.

“AT&T Group” means AT&T and each of its Affiliates and, from and after the Closing, shall include any member of the AT&T Concert Group.

“Brand Agreement” means the Concert Brand License Agreement, dated as of even date herewith, among AT&T, BT, Concert BV and Concert Communications Company.

“BT Allocated Business” means the BT Assets and the businesses related thereto.

“BT Concert Group” means any member of the Concert Group that is listed on Schedule 2.1(c) and identified as to be transferred or otherwise allocated to BT.

"BT Group" means BT and each of its Affiliates, and from and after the Closing, shall include any member of the BT Concert Group.

"Commercial Agreements" means the agreements described in Schedule 1.1A attached hereto.

"Concert Subsidiary" means a direct or indirect Subsidiary of Concert BV.

"GV Assets" means the Assets of the Concert Group.

"GV Liabilities" means the Liabilities of the Concert Group.

"IPR Agreement" means the IPR Agreement, dated as of even date herewith, among AT&T, BT and Concert BV.

"LIBOR" means the arithmetic average rounded up to the nearest 1/16th of 1% of the London interbank offered rates of major banks for Dollar deposits for a three-month period that are displayed on page "LIBO" on the Reuters Monitor Money Rate Service or such other page as may replace the "LIBO" page and displays London interbank offered rates for Dollar deposits, in each case, as relevant, determined on a particular date or from time to time.

"Major Claim" means (a) a Claim or a series of related Claims for monetary damages in excess of \$100,000,000, or (b) a Claim or a series of related Claims in which the relief sought consists wholly or partly of injunctive relief, and the injunctive relief sought, if granted, would have a value (when added to the monetary damages sought, if any), in excess of \$100,000,000.

"Original Notes" means the long-term debt obligations of (i) Concert Holdings Limited in the principal amount of £636,128,769 47, incurred pursuant to a loan facility agreement, dated December 20, 2000, with BT, and (ii) Concert Communications Company in the principal amount of \$1,000,000,000, incurred pursuant to a loan facility agreement, dated December 20, 2000, with Global Card Holdings Inc.

"Selected Courts" means any federal or state court in the state of New York.

"Unwind Agreements" means (i) this Agreement, (ii) the Commercial Agreements, (iii) the IPR Agreement, (iv) the Brand Agreement, (v) the Tax Matters Agreement, (vi) the Employee Matters Agreement, (vii) the Cable Trusts, (viii) the Mutual Release, (ix) the Transition Plan, (x) the Canada Agreement, (xi) the Argentina Agreement, (xii) the Brazil Agreement, and (xiii) the instruments of transfer in usual and customary form to effect the GV Share Transfers and the GV Asset Transfers, including any resolutions of the board of directors (or similar governing body) or shareholders, partners or equity holders of the applicable member of the Concert Group required in connection therewith.

1.2 Additional Definitions. The following terms shall have the meanings defined in the Section indicated:

<u>Defined Term</u>	<u>Section Reference</u>
90 Day Period	Section 9.1(a)
Accounting Team	Section 4.2(a)
ACSJ	Preamble
Additional Amount	Section 4.3(c)
Affiliated Contract	Section 2.1(d)
AGNS Agreement	Section 8.1
Agreed Amount	Section 8.2(b)
Agreement	Preamble
Allocation Guidelines	Section 2.1(e)
Argentina Agreement	Section 7.9(e)(i)
Asserted Liability	Section 11.3(a)
AT&T	Preamble
AT&T Assets	Section 2.1(a)
AT&T Concert Balance Sheet	Section 4.2(a)
AT&T Indemnified Parties	Section 11.2
AT&T Parties	Preamble
AT&T Post-Closing Liabilities	Section 4.9(a)
Base Amount	Section 4.3(c)
Brazil Agreement	Section 7.9(e)(ii)
BT	Preamble
BT Assets	Section 2.1(b)
BT Concert Balance Sheet	Section 4.2(a)
BT Holdings	Preamble
BT Indemnified Parties	Section 11.1
BT Parties	Preamble
BT Post-Closing Liabilities	Section 4.9(b)
Cable Trusts	Section 7.9(d)
Canada Agreement	Section 8.2(a)
Canadian Note	Section 8.2(b)
Canadian Note Adjustment	Section 4.3(b)
Claims Notice	Section 11.3(a)
Closing	Section 9.1(a)
Closing Agreement	Recital A
Closing Date	Section 9.1(a)
Closing Statements	Section 4.2(a)
Closing Statements Date	Section 4.3(c)
Concert Balance Sheet	Section 4.2(a)
Concert BV	Preamble
Concert Group	Recital A
Consultant	Section 2.1(e)
Covered Agreements	Section 13.1(b)
Covered Losses	Section 4.5(a)

<u>Defined Term</u>	<u>Section Reference</u>
Designated Accountants	Section 4.6(a)
Employee Matters Agreement	Section 7.7
Engagement Team	Schedule 4.6(a)
First Date	Section 9.1(a)
Framework Agreement	Recital A
Funding Plan	Section 5.1(a)
GV Asset Transfers	Section 2.1(c)
GV Share Transfers	Section 2.1(c)
Indemnifying Party	Section 11.3(a)
Indemnatee	Section 11.3(a)
Indemnity Payment	Section 11.6(b)
Intercompany Payable	Section 4.2(c)(i)
Key Governmental Approvals	Section 7.2(a)
Losses	Section 11.1
Major Transaction	Section 5.2(b)(vi)
Mutual Release	Section 9.1(c)(ii)
New Transaction	Section 7.1(a)
Operational Concert Liabilities	Section 4.4(a)
Parental Closing Asset Transfers	Section 2.1(c)
payee	Section 4.3(c)
payor	Section 4.3(c)
Post-Closing Payment	Section 4.3(a)
Pound Adjustment	Section 4.1(a)
Recipient	Section 7.4(b)
requesting parent	Section 5.2(b)(i)
Responsible Parent	Section 4.4(b)
Shareholder Representative	Section 5.4(a)
Sharinga	Section 4.4(h)
Specified Loss Equalization Payment	Section 4.5(e)
Specified Losses	Section 4.5(b)
Statement of Specified Losses	Section 4.5(c)
Statement of Supplier/Distributor Excess Losses	Section 4.4(c)
supplier agreements	Section 4.4(a)
Supplier/Distributor Excess Loss	Section 4.4(b)
Tax Matters Agreement	Section 3.1
Transaction	Section 5.2(b)(vi)
Transition Plan	Section 7.5(a)
Unallocated Asset	Section 2.1(e)
Unallocated Contracts	Section 2.1(d)

1.3 General Principles of Construction. Unless otherwise specified, references herein to Articles, Sections and Schedules refer to the Articles, Sections and Schedules to this Agreement. The words “hereof,” “herein” and “hereunder,” and words of like import, refer to this Agreement as a whole and not to any particular Article or Section of this Agreement. References to this Agreement herein shall, unless

the context otherwise requires, include the Schedules hereto. The words "without limitation" shall be deemed to follow any use of the word "include" or "including" herein. References to amounts preceded by the "\$" sign shall refer to Dollars but shall also be deemed to include the equivalent in other currencies at the relevant time or times (it being agreed that, where the context requires, the actual currency of any transaction and the conversion of one currency into another will be mutually agreed by the parties thereto or, absent agreement, Dollars). Prior to the Closing, no member of the Concert Group shall be deemed to be an Affiliate of any member of the AT&T Group or of any member of the BT Group.

1.4 Variations in Pronouns. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

1.5 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

1.6 Other Capitalized Terms. Capitalized expressions used without definition in this Agreement shall have the meanings assigned to them in the Framework Agreement or, if not defined in the Framework Agreement, in the Closing Agreement unless redefined in this Agreement.

1.7 Conflicts Among Agreements

(a) If there is a conflict between the provisions of this Agreement regarding the allocation of GV Assets and the assumption of GV Liabilities and the provisions of the other Unwind Agreements (other than the Tax Matters Agreement, the Employee Matters Agreement, the IPR Agreement, the Brand Agreement and the Cable Trusts), then the provisions of this Agreement shall prevail. Subject to Section 2.1(f), Schedule 2.1(a) and Schedule 2.1(b) shall govern the allocation of GV Assets.

(b) If there is a conflict in the provisions of this Agreement regarding the allocation of GV Assets or the assumption of GV Liabilities and the provisions of the Tax Matters Agreement (with respect to Taxes), the Employee Matters Agreement (with respect to employee matters), the IPR Agreement (with respect to intellectual property rights), the Brand Agreement (with respect to brands) or the Cable Trusts (with respect to cable), then the applicable provisions of the Tax Matters Agreement, the Employee Matters Agreement, the IPR Agreement, the Brand Agreement or the Cable Trusts, as applicable, shall prevail.

ARTICLE II

ALLOCATION OF GV ASSETS

2.1 Allocation of GV Assets, Aligning Certain Liabilities

(a) Schedule 2.1(a) attached hereto sets forth certain GV Assets that are to be transferred at the Closing to AT&T or its Affiliates (such assets,

together with the other assets that are allocated pursuant to this Agreement for transfer to AT&T and its Affiliates as of the Closing Date, collectively, the "**AT&T Assets**")

(b) Schedule 2.1(b) attached hereto sets forth certain GV Assets that are to be transferred at the Closing to BT or its Affiliates (such assets, together with the other assets that are allocated pursuant to this Agreement for transfer to BT and its Affiliates as of the Closing Date, collectively, the "**BT Assets**").

(c) The transfer of the AT&T Assets and the BT Assets shall be effected in accordance with the steps set forth in Schedule 2.1(c) attached hereto. Any steps required for the transfer of any part of the AT&T Assets and the BT Assets that are not covered by the steps set forth in Schedule 2.1(c) shall be agreed by AT&T and BT prior to the Closing Date, consistent with the provisions of the Tax Matters Agreement. Schedule 2.1(c) shall be updated by the parents to reflect such matters as of the Closing Date, including any restructuring under the Tax Matters Agreement. The transfer of the AT&T Assets and the BT Assets shall be by way of the transfer, at the Closing, of equity interests in the members of the Concert Group and of GV Assets to be transferred to each parent or its Affiliates and, if required to effectuate such transfer, prior to the Closing, the transfer of (i) certain equity interests in members of the Concert Group to one or more other members of the Concert Group, (ii) certain GV Assets (other than equity interests in any member of the Concert Group) from members of the Concert Group to one or more other members of the Concert Group, including the transfer of accounts receivable contemplated by Section 2.1(h), and (iii) the transfer of accounts payable as contemplated by Section 2.1(h), in each case as more fully described in Schedule 2.1(c) or as subsequently agreed by the parents in accordance with Schedule 2.1(c). The transfers on the Closing Date of equity interests in the members of the Concert Group set forth in Schedule 2.1(c) are herein collectively referred to as the "**GV Share Transfers**." The transfers prior to, or on, the Closing Date of GV Assets (other than equity interests of any member of the Concert Group) set forth in Schedule 2.1(c), including transfers of GV Assets by a member of an A/B Concert Group to the other parent or its Affiliates on the Closing Date ("**Parental Closing Asset Transfers**"), are herein collectively referred to as the "**GV Asset Transfers**."

(d) Prior to the Closing, the Shareholder Representatives shall attempt to designate to which parent contracts, leases and other agreements not set forth on Schedule 2.1(a) or Schedule 2.1(b) are to be transferred as of the Closing Date (collectively, the "**Unallocated Contracts**"). An Unallocated Contract between any member of the Concert Group and any Affiliate of any parent (an "**Affiliated Contract**") shall be allocated to the affiliated parent. Any Unallocated Contract other than an Affiliated Contract shall be handled in accordance with Section 2.1(e).

(e) With respect to any GV Asset (including the GV Assets listed on Schedule 2.1(e)(i) and any Unallocated Contracts that are not Affiliated Contracts) other than the GV Assets set forth on Schedule 2.1(a) or Schedule 2.1(b) (an "**Unallocated Asset**"), the allocation of such Unallocated Asset shall be referred to the Shareholder Representatives, who shall attempt promptly to reach agreement on the allocation thereof based on the Allocation Guidelines set forth on Schedule 2.1(e)(ii)

attached hereto (the "Allocation Guidelines"). If the Shareholder Representatives fail to reach agreement with respect to the allocation of an Unallocated Asset, within 10 days following the referral of such matter, either parent may refer the matter for resolution to an independent telecommunications consultant mutually agreed by the parents or, if the parents are unable to agree upon such person, the Wise Counselor (the "Consultant"). All referrals to the Consultant shall be made as soon as practicable but in any event within 45 days after the date hereof or, if later, within five days following the discovery of an Unallocated Asset. The Consultant shall apply the Allocation Guidelines in making his determination. The Consultant shall be directed to make such determination within 14 days of the referral of the matter to him. Any determination by the Consultant shall be final and binding on the parties and not subject to appeal. The fees of the Consultant shall be shared equally by the parents

(f) If a parent reasonably believes that there is an obvious or clerical error on Schedule 2.1(a) or Schedule 2.1(b), it shall notify the other parent and the Shareholder Representatives in writing, describing the asserted error. The Shareholder Representatives shall have full authority to resolve any such matter, but if they fail to agree, the applicable asset shall remain on the original schedule, without any right of appeal.

(g) Unless otherwise agreed by the parents, and other than the Post-Closing Payment to the extent that the relevant assets or liabilities have been included in the calculation of Adjusted Net Assets, no additional payment shall be required by a parent who becomes entitled to receive a GV Asset allocated pursuant to Section 2.1(d), 2.1(e) or 2.1(f). Any Unallocated Asset or other GV Asset that is allocated either to AT&T or BT pursuant to Section 2.1(d), 2.1(e) or 2.1(f) shall automatically constitute a part of the AT&T Assets or the BT Assets, as the case may be, and Schedule 2.1(a) and Schedule 2.1(b) shall be amended to reflect such additional allocations. Any Parental Closing Asset Transfers shall be paid for in cash at a price no higher than the fair market value of the relevant assets, which purchase price shall be paid on the Closing Date by the parent or its applicable Affiliate that is the purchaser of such assets.

(h) Any accounts receivable or accounts payable or other liabilities associated with any contract that is to be transferred to either parent under this Article II shall, as of the Closing Date, be assigned or transferred to an appropriate member of the AT&T Concert Group or the BT Concert Group to the extent that the underlying contract is not, as of the Closing Date, already held by a member of the appropriate A/B Concert Group. If no such assignment or transfer can be made without obtaining the consent of a third party, then other arrangements will be made so as to transfer beneficial ownership to the appropriate party for operational purposes, as well as for purposes of the Post-Closing Payment. The parties shall execute such documents of assignment and transfer and, if necessary, beneficial ownership properly to reflect the foregoing. Without duplication, any accounts receivable and accounts payable between a member of the Concert Group and a parent or any of its Affiliates shall, as of the Closing Date, be assigned or transferred to a member of such parent's A/B Concert Group. For the avoidance of doubt and subject to the definition of "Adjusted Net Assets," all

accounts receivable and accounts payable, together with appropriate reserves according to U.S. GAAP, shall be included in the AT&T Concert Balance Sheet, the BT Concert Balance Sheet and the determination of Adjusted Net Assets of the AT&T Concert Group and the BT Concert Group.

(i) Any parent or Subsidiary thereof that enters into any contract in its own name in accordance with Section 8.4(a) shall be allocated such contract as of Closing. No parent or Subsidiary thereof shall be required to transfer to the Concert Group any contract to which it currently is a party.

(j) From the date hereof until the Closing Date, the parties shall use their reasonable efforts to ensure that the GV Liabilities associated with AT&T Assets and BT Assets are transferred or assumed by the member of the A/B Concert Group acquiring the AT&T Assets or BT Assets, taking into account any specific allocations of Liabilities set forth in this Agreement, the Tax Matters Agreement and the Employee Matters Agreement, and without imposing any additional GV Liabilities on a parent or its Affiliates not otherwise contemplated by this Agreement; it being agreed that no party shall be required to incur any cost or make any concession in connection therewith.

2.2 “As Is, Where Is.” AS OF THE DATE HEREOF AND AS OF THE CLOSING DATE, EXCEPT FOR THE REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION OBLIGATIONS SPECIFICALLY CONTAINED IN ANY UNWIND AGREEMENT, (A) NONE OF AT&T, BT, CONCERT BV OR ANY OTHER PERSON MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THE BUSINESS, ASSETS OR CONDITION (FINANCIAL OR OTHERWISE) OF, OR ANY OTHER MATTER INVOLVING, CONCERT BV OR THE GV ASSETS TO BE TRANSFERRED OR THE GV LIABILITIES TO BE ASSUMED IN ACCORDANCE WITH THIS AGREEMENT, (B) ALL OF THE GV ASSETS TO BE TRANSFERRED OR GV LIABILITIES TO BE ASSUMED IN ACCORDANCE WITH THIS AGREEMENT SHALL BE TRANSFERRED OR ASSUMED ON AN “AS IS, WHERE IS BASIS,” AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A SPECIFIC PURPOSE OR OTHERWISE ARE HEREBY EXPRESSLY DISCLAIMED, (C) NONE OF AT&T, BT, CONCERT BV OR ANY OTHER PERSON MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO ANY INFORMATION, DOCUMENTS OR MATERIAL MADE AVAILABLE IN ANY “DATA ROOMS,” IN CONNECTION WITH ANY MANAGEMENT PRESENTATIONS, OR IN CONNECTION WITH ANY OTHER DUE DILIGENCE MATTER RELATING TO THE RELATIONSHIP BETWEEN AT&T AND BT, OR THE ENTERING INTO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (INCLUDING THE PROVISION OF ANY BUSINESS OR FINANCIAL ESTIMATES AND PROJECTIONS AND OTHER FORECASTS AND PLANS (AND THE REASONABLENESS OF THE ASSUMPTIONS UNDERLYING THE SAME)), AND (D) AT&T AND BT

ACKNOWLEDGE THAT (I) THERE ARE UNCERTAINTIES INHERENT IN ATTEMPTING TO MAKE ANY SUCH ESTIMATES, PROJECTIONS AND OTHER FORECASTS AND PLANS, (II) AT&T AND BT ARE FAMILIAR WITH SUCH UNCERTAINTIES, (III) EACH OF AT&T AND BT IS TAKING FULL RESPONSIBILITY FOR MAKING ITS OWN EVALUATION OF THE ADEQUACY AND ACCURACY OF ALL ESTIMATES AND PROJECTIONS AND OTHER FORECASTS AND PLANS SO FURNISHED TO IT (AND THE REASONABLENESS OF THE ASSUMPTIONS UNDERLYING THE SAME), AND (IV) EACH OF AT&T AND BT ACKNOWLEDGES AND AGREES THAT IT IS NOT RELYING ON ANY SUCH INFORMATION, DOCUMENTS OR MATERIAL IN ANY MANNER WHATSOEVER AND THAT IT SHALL HAVE NO CLAIM AGAINST THE OTHER OR ANY OTHER PERSON OR ANY RIGHT TO INDEMNIFICATION BASED ON SUCH INFORMATION, DOCUMENTS OR MATERIAL. THE PARTIES ACKNOWLEDGE THAT THE PROVISIONS OF THIS SECTION 2.2 SHALL SUPERSEDE THE TERMS OF ANY SHARE OR ASSET TRANSFER AGREEMENT, DOCUMENT, INSTRUMENT OR ARRANGEMENT ENTERED INTO IN CONNECTION HERewith.

ARTICLE III

TAX MATTERS

3.1 Tax Matters Agreement. Concurrently with the execution of this Agreement, the AT&T Parties, the BT Parties and Concert BV have entered into a tax matters agreement (the "Tax Matters Agreement").

ARTICLE IV

CLOSING BALANCE SHEETS; CLOSING STATEMENTS DATE PAYMENT; TREATMENT OF LIABILITIES

4.1 Treatment of Loans; Parental Closing Asset Transfers.

(a) Prior to the Closing Date, each of the parents shall contribute the then outstanding balance of their respective Original Note in accordance with Schedule 2.1(c) to the equity of the applicable member of the Concert Group. An amount equal to one-half of (x) the then outstanding principal of, and accrued interest on, AT&T's Original Note (measured in Dollars), less (y) the then outstanding principal of, and accrued interest on, BT's Original Note (measured in Dollars, calculated by reference to the exchange rate in effect on the date of contribution) shall be referred to as the "Pound Adjustment." The Pound Adjustment may be a positive or a negative number. If this Agreement is terminated prior to the Closing hereunder but after the contribution of the Original Notes as contemplated hereby, on the date of such termination, if the Pound Adjustment is greater than zero, BT, or if the Pound Adjustment is less than zero, AT&T, shall, at its option, make a capital contribution to an appropriate member of the

Concert Group in an amount equal to two times the absolute value of the Pound Adjustment, or pay the other parent an amount equal to the absolute value of the Pound Adjustment.

(b) If, on the Closing Date, the aggregate purchase price paid by BT or its Affiliates on the Closing Date for all Parental Closing Asset Transfers made by members of the AT&T Concert Group to BT or its Affiliates is greater than the aggregate purchase price paid by AT&T or its Affiliates on the Closing Date for all Parental Closing Asset Transfers made by members of the BT Concert Group to AT&T or its Affiliates, AT&T shall make a payment to BT in the amount of the difference. Conversely, if, on the Closing Date, the aggregate purchase price paid by AT&T or its Affiliates on the Closing Date for all Parental Closing Asset Transfers made by members of the BT Concert Group to AT&T or its Affiliates is greater than the aggregate purchase price paid by BT or its Affiliates on the Closing Date for all Parental Closing Asset Transfers made by members of the AT&T Concert Group to BT or its Affiliates, BT shall make a payment to AT&T in the amount of the difference. The payments contemplated by this Section 4.1(b) shall be made in cash by wire transfer of immediately available funds on the Closing Date.

4.2 Closing Statements.

(a) Within 90 days following the Closing Date, the parents shall cause a group of not more than seven persons, of which three persons shall be designated by each parent (with such persons being employees of such parent or any of its Affiliates) and the seventh person shall be a person to be agreed to by the parents within 30 days after the date hereof (such persons, the "Accounting Team") to prepare (i) a consolidated balance sheet of Concert BV and its consolidated Subsidiaries (the "Concert Balance Sheet"), and (ii) separate balance sheets that will include on a combined basis each of the Persons forming a part of the AT&T Concert Group and the BT Concert Group (the "AT&T Concert Balance Sheet" and the "BT Concert Balance Sheet," respectively). The Accounting Team may use appropriate resources as may be mutually agreed by the parents to assist them in the preparation of the Concert Balance Sheet, the AT&T Concert Balance Sheet and the BT Concert Balance Sheet (collectively, the "Closing Statements"). For the avoidance of doubt, assets or liabilities transferred to or assumed by a parent or its Affiliate pursuant to a Parental Closing Asset Transfer shall be taken into account in the preparation of the Closing Statements as if such assets or liabilities had been transferred to or assumed by such parent's A/B Concert Group, but the cash purchase price paid for the relevant assets and liabilities shall not be taken into account. Each of the Concert Balance Sheet, the AT&T Concert Balance Sheet and the BT Concert Balance Sheet shall be prepared as of the close of business of Concert BV and the Concert Subsidiaries on the day immediately preceding the Closing Date, taking into account the effect of the GV Share Transfers and the GV Asset Transfers to occur on the Closing Date in accordance with U.S. GAAP applied on a basis consistent with the preparation of the audited consolidated financial statements of Concert BV and the Concert Subsidiaries for the year ended December 31, 2000 (it being understood that to the extent that an item arises in the preparation of any Closing Statement that has no corresponding item in such audited consolidated financial statements of Concert BV and

the Concert Subsidiaries, then such item shall be treated in accordance with U.S. GAAP), as adjusted pursuant to Section 4.2(c)(ii) and taking into account the matters set forth in Sections 5.2(b)(iii) and 8.4. The AT&T Concert Balance Sheet and the BT Concert Balance Sheet on a combined basis will be equal to the Concert Balance Sheet. The parents shall provide the Accounting Team with all financial information of the AT&T Concert Group and BT Concert Group, as the case may be, to enable the Accounting Team to prepare and complete the Closing Statements. The Accounting Team shall consult with the parents from time to time prior to finalization of the Closing Statements.

(b) The Closing Statements prepared by the Accounting Team in accordance with Section 4.2(a) shall be submitted to the Designated Accountants immediately following completion thereof. Within 90 days following receipt thereof, the Designated Accountants shall (i) complete an audit of the Closing Statements, making such adjustments thereto as it shall determine are appropriate using the U.S. GAAP principles referred to in Section 4.2(a) and as adjusted pursuant to Section 4.2(c)(ii) and taking into account the matters set forth in Sections 5.2(b)(iii) and 8.4, and produce revised balance sheets, if appropriate, which shall be the Concert Balance Sheet, the AT&T Concert Balance Sheet and the BT Concert Balance Sheet for all purposes of this Agreement, (ii) complete a report explaining any changes to the forms of any of the Closing Statements delivered to it and the reasons for such changes, and (iii) determine the amount and the payor of the Post-Closing Payment provided for in Section 4.3. The balance sheets, the report and the determination referred to in the preceding sentence shall be delivered to the parents immediately following completion by the Designated Accountants.

(c) (i) Schedule 4.2(c)(i) sets forth as of September 15, 2001, a list of all disputes relating to any amounts payable by or to any member of the Concert Group, on the one hand, to or from any member of the AT&T Group or the BT Group, on the other hand (any amounts of such type, an "Intercompany Payable"). The Shareholder Representatives shall attempt to resolve all such disputes within 45 days after the date hereof. If any such dispute is not resolved prior to the Closing, the provisions of Article XIII shall apply. If any Intercompany Payable is not set forth on such Schedule 4.2(c)(i), none of Concert BV, the parents or any of their Affiliates may assert that there is any disputed Intercompany Payable for which an invoice has been issued on or prior to September 15, 2001. With respect to any matter not billed as of the date hereof, invoices may be submitted provided that they are in the normal course in accordance with past practices relating to periods prior to September 15, 2001. For purposes of this Section 4.2(c)(i), all invoices of any member of the Concert Group relating to periods prior to September 15, 2001 shall be treated as in the normal course except to the extent inconsistent with the resolution of an Intercompany Payable as contemplated by this Section. Invoices relating to periods prior to September 15, 2001 submitted by a parent to any member of the Concert Group shall be deemed to be in the normal course unless objected to by any member of the Concert Group.

(ii) In calculating the Adjusted Net Assets of either the AT&T Concert Group or the BT Concert Group, appropriate adjustments shall be made if the amount of Adjusted Net Assets of either the AT&T Concert Group or the BT Concert

Group has been increased or decreased as a result of any violation of Section 7.1(b), including by establishing appropriate parental payables or receivables. In addition, if the Shareholder Representatives agree to authorize any action pursuant to Section 7.1(b) on the condition that the impact on the Adjusted Net Assets balances be borne by the applicable parent, an appropriate adjustment shall be made. The Shareholder Representatives will provide the Designated Accountants with a joint written statement regarding the matters provided for in this Section, and, if they cannot agree, any disputes shall be resolved by the Wise Counselor as contemplated by Section 4.3(d).

(d) If, in connection with the matters set forth in Sections 4.2, 4.3 and 4.5, the Designated Accountants require an interpretation of this Agreement, the Designated Accountants may, upon two Business Days' prior written notice to the parents, consult with the Wise Counselor, whose determination shall be final and binding on the parties as to such matters and shall not be subject to appeal.

4.3 Post-Closing Payment, Interest

(a) Based on the audited AT&T Concert Balance Sheet and the audited BT Concert Balance Sheet as determined by the Designated Accountants in Section 4.2(b), the Designated Accountants shall prepare a statement itemizing (i) the Adjusted Net Assets shown on the AT&T Concert Balance Sheet, (ii) the Adjusted Net Assets shown on the BT Concert Balance Sheet, and (iii) the excess of the greater Adjusted Net Assets over the lesser Adjusted Net Assets. The parent with the greater Adjusted Net Assets shall pay to the other parent an amount equal to one-half of the amount set forth in clause (iii) of the immediately preceding sentence in accordance with Section 4.3(c). The payment contemplated by this Section 4.3(a) is referred to as the "**Post-Closing Payment**". Each of AT&T and BT acknowledges and agrees that the payment of the Post-Closing Payment shall be in full and final settlement of any rights it may have against the other parent with respect to the equalization of the net amount referred to in this Section 4.3(a).

(b) The term "**Canadian Note Adjustment**" means the Agreed Amount minus \$165,000,000.

(c) Subject to this Section 4.3(c), on a day that is within 10 Business Days following the date of delivery of the Designated Accountants' report (the "**Closing Statements Date**"), AT&T shall pay BT the Additional Amount (if the Additional Amount is positive) or BT shall pay AT&T the absolute value of the Additional Amount (if the Additional Amount is negative) and applicable parent shall make the Post-Closing Payment. If the same parent is required to make the Post-Closing Payment and pay the Additional Amount to the other parent, it shall make such payments, together with interest accrued thereon calculated in accordance with Section 4.3(d), in cash in Dollars and in immediately available funds. If, in accordance with Section 4.3(a) and this Section 4.3(c), each parent is required to make a payment to the other parent, in lieu of two separate payments to be made between the parents, the parent who is required to pay a greater amount to the other parent (the "**pavor**") shall make a payment on the Closing Statements Date to the other parent (the "**pavee**") in an amount equal to the

excess of (i) the payment required to be made by the payor over (ii) the payment required to be made by the payee to the payor. Any net amount to be paid under this Section 4.3(c) shall be paid in full in cash in Dollars and in immediately available funds, together with interest accrued thereon calculated in accordance with Section 4.3(d).

(d) Interest on any payment required to be made under Section 4.3(c) shall accrue from (and including) the Closing Date up to (but excluding) the date of payment at an annual rate equal to LIBOR, plus 50 basis points, with LIBOR determined as of the Closing Date for the period from the Closing Date to the last day of the month in which the Closing Date occurs and, for each month thereafter until the date of payment, LIBOR determined as of the first Business Day of such month, compounded quarterly.

(e) For the purposes of the payments described in Sections 4.3(a), (c) and (d), the parties acknowledge and agree that if AT&T is the payor, the actual payor thereof shall be VLT US Holdco L L C and AT&T hereby guarantees such payment by VLT US Holdco L L C, and if BT is the payor, the actual payor thereof shall be BT Holdings and BT hereby guarantees such payment by BT Holdings.

(f) All amounts payable by or to any member of the AT&T Concert Group, on the one hand, to or from any members of the BT Concert Group, on the other hand, in each case as of the Closing Date, shall be settled in cash, together with interest thereon, as described in the next sentence, on the date of payment of the Post-Closing Payment. Notwithstanding anything to the contrary contained herein, in any of the trading or intercompany agreements or any other instruments creating or governing such payables, interest shall accrue on such payables from (and including) the Closing Date up to (but excluding) the date of payment of the Post-Closing Payment at an annual rate equal to LIBOR, plus 50 basis points, compounded quarterly.

4.4 Operational Concert Liabilities, Lease Termination Costs

(a) "**Operational Concert Liabilities**" means Liabilities of the Concert Group (i) to the extent incurred or resulting from any fact, event or circumstances occurring or existing prior to the Closing, (ii) that (x) arise out of, result from or are based on (A) customer contracts, including contracts with Qualifying MNC Customers or other Global Account customers, Carrier Services agreements, agreements with wholesale account and agreements for the provision of International Traffic Termination Services, or (B) supplier or distribution agreements, in the case of clauses (A) and (B), that are allocated to a parent pursuant to Article II, or (y) are Liabilities relating to the investment in NavLink, Inc., including the Liability of the Concert Group under the Prepaid Services Agreement, dated December 21, 2000, to provide certain services to NavLink, Inc., and (iii) that are not taken into account in the calculation of the Adjusted Net Assets of either the AT&T Concert Group or the BT Concert Group, but expressly excludes (1) Tax Liabilities (which are dealt with in the Tax Matters Agreement), (2) Liabilities relating to employee matters (which are dealt with in the Employment Matters Agreement), and (3) Liabilities described in

Sections 4.4(e), 4.4(f), 4.4(g), 4.4(h), 4.8 and 4.10. For the avoidance of doubt, the term "**supplier agreements**" means contracts for the supply of Communications Services

(b) Notwithstanding anything to the contrary contained herein, Operational Concert Liabilities shall be borne solely by the parent to which the relevant GV Asset is allocated (the "**Responsible Parent**"), provided, that, if, in respect of a claim or series of related claims involving an Operational Concert Liability described in clause (ii)(x)(B) of Section 4.4(a) and a single third party (but excluding any such Operational Concert Liability where the counterparty is an Affiliate of the Responsible Parent) that is made or asserted in writing against it or any of its Affiliates and with respect to which it gives the other parent notice in writing on or before the second anniversary of the Closing Date, the liability of the Responsible Parent exceeds or will exceed \$10,000,000, the parents shall share the liability in excess of such threshold (such excess, a "**Supplier/Distributor Excess Loss**") on an equal basis. Any Action that is brought against a parent or any of its Affiliates that could reasonably be expected to involve an Operational Concert Liability shall be handled in accordance with Section 4.7

(c) Each parent shall use its commercially reasonable efforts to minimize the amount of any Operational Concert Liabilities described in clause (ii)(x)(B) of Section 4.4(a) of the members of the Concert Group that have been acquired by it as of the Closing Date. For the purpose of the proviso to the first sentence of Section 4.4(b), each parent shall deliver to the other parent (i) within 60 days after each anniversary of the Closing Date a statement setting forth in reasonable detail the nature and amount of each Supplier/Distributor Excess Loss that has been paid by it or its Affiliates in the prior one year period, as the case may be, and the amounts that are payable by the other parent in respect thereof, and providing supporting documentation relating thereto (the "**Statement of Supplier/Distributor Excess Losses**") and (ii) promptly after notice thereof, a statement describing any claim which could reasonably be expected to result in a Supplier/Distributor Excess Loss. The parent that has paid a lower aggregate amount of Supplier/Distributor Excess Losses shall, as promptly as practicable after each parent has received the other parent's Statement of Supplier/Distributor Excess Losses, reimburse or pay to the other parent one-half of the amount of the excess of the other parent's aggregate Supplier/Distributor Excess Losses over its aggregate Supplier/Distributor Excess Losses.

(d) If the Responsible Parent proposes a settlement of any Action in which the other parent is liable to fund an Operational Concert Liability in excess of \$10,000,000 as provided in the proviso to the first sentence of Section 4.4(b), and the other parent consents to such settlement, such other parent shall not be required to reimburse the Responsible Parent for any of its costs expended in connection with the defense of such Action. If the other parent objects to the proposed settlement, such other parent shall bear half of the amount of the reasonable costs expended (excluding the costs of in-house counsel) in connection with the defense of such Action and shall reimburse the Responsible Parent therefor following receipt of a statement in writing from the Responsible Parent, setting forth a summary in reasonable detail of the costs expended and the Action to which they relate.

(e) With respect to liabilities arising from the termination of real property leased, licensed or otherwise used by a member of the Concert Group (other than those leases, licenses or arrangements that the parents mutually agree should not be terminated), where such lease, license or other use is granted by or from a parent or any of its Affiliates and where such member of the Concert Group held, occupied or used 70% or more of the applicable space as of September 30, 2001, appropriate reserves shall be made in accordance with U.S. GAAP for the costs associated therewith. For the avoidance of doubt, such costs shall be borne by the parents on an equal basis through the determination of the Adjusted Net Assets of the AT&T Concert Group and the BT Concert Group and the Post-Closing Payment.

(f) With respect to liabilities arising from the termination of real property leased, licensed or otherwise used by a member of the Concert Group (other than those leases, licenses or arrangements that the parents mutually agree should not be terminated), where such lease, license or other use is granted by or from a third party, appropriate reserves shall be made in accordance with U.S. GAAP for the costs associated therewith. For the avoidance of doubt, such costs shall be borne by the parents on an equal basis through the determination of the Adjusted Net Assets of the AT&T Concert Group and the BT Concert Group and the Post-Closing Payment.

(g) With respect to real property leased, licensed or otherwise used by a member of the Concert Group (other than the leases, licenses or arrangements that the parents mutually agree should not be terminated), where such real property is leased or licensed from a parent or any of its Affiliates and less than 70% of the applicable space was held, occupied and used by the Concert Group as of September 30, 2001, the costs associated therewith shall be borne by the applicable parent only.

(h) Unless, as of the Closing, the Concert Group has divested its equity interests in Sharinga Networks, Inc. ("Sharinga"), and discharged all related Liabilities, such equity interests and Liabilities will be allocated to, and assumed by, AT&T and BT in equal shares.

4.5 Certain Liabilities Not Reflected on Closing Statements

(a) Liabilities of the Concert Group (other than (1) Operational Concert Liabilities, (2) Tax Liabilities, which are dealt with in the Tax Matters Agreement, (3) Liabilities relating to employee matters, which are dealt with in the Employee Matters Agreement, and (4) the Liabilities described in Sections 4.4(e), 4.4(f), 4.4(g), 4.4(h), 4.8 and 4.10) (i) to the extent incurred or resulting from any fact, event or circumstance occurring or existing prior to the Closing, and (ii) that are not taken into account in the calculation of the Adjusted Net Assets of either the AT&T Concert Group or the BT Concert Group (collectively, the "Covered Losses") shall be handled in accordance with this Section 4.5.

(b) Each of AT&T and BT shall bear Covered Losses for which claims have been made or asserted in writing against it or any of its Affiliates and with respect to which it gives the other parent notice in writing, with reasonable detail of

the particulars of the claim, prior to the date that is three and one-half years after the Closing Date (collectively, the "**Specified Losses**") up to an aggregate amount equal to \$10,000,000. Any Specified Losses that are actually paid by a parent or its Affiliates after the Closing Date in excess of \$10,000,000, in the aggregate, shall be borne by the parents on an equal basis; provided that any Specified Loss that together with the amount of any related claims is less than \$100,000 shall be ignored and not taken into account for purposes of calculating whether the \$10,000,000 threshold has been met or the amount of Specified Losses in excess of such threshold.

(c) Each parent shall use its commercially reasonable efforts to minimize the amount of the Specified Losses of the members of the Concert Group that have been acquired by it as of the Closing Date. Each parent shall deliver to the other parent and to the Designated Accountants (x) within 60 days after each anniversary of the Closing Date a statement setting forth in reasonable detail the nature and amount of each Specified Loss that has been paid by it or its Affiliates in the prior one year period, and the aggregate amount of all such Specified Losses and any outstanding claims for Specified Losses, and providing supporting documentation relating thereto (collectively "**Statement of Specified Losses**") and (y) promptly after notice thereof, a statement describing any claim which could reasonably be expected to result in a Specified Loss in excess of \$1,000,000.

(d) Any Action that is brought against a parent or any of its Affiliates that could reasonably be expected to result in a Specified Loss shall be handled in accordance with Section 4.7. Within 60 days following each anniversary of the Closing Date, each parent shall determine the amount of the reasonable costs expended (excluding the costs of in-house counsel) in connection with the defense of Actions for which it has primary responsibility as set forth in Section 4.7(b) and shall notify the other parent in writing thereof, setting forth a summary in reasonable detail of the costs expended and the Action to which they relate. The parent with the lower aggregate defense costs shall, as promptly as practicable after each parent has received the other parent's notice, reimburse or pay to the other parent one-half of the amount of the excess of the other parent's defense costs over its defense costs.

(e) The Designated Accountants shall verify each parent's Statement of Specified Losses, and shall determine the amount and the payor of any payment required to be made so as to effectuate the intent of Section 4.5(b) (the "**Specified Loss Equalization Payment**"). The Designated Accountants shall be instructed to deliver their report within 90 days following each anniversary of the Closing Date, or, if earlier, within 30 days following receipt by the Designated Accountants of the Statements of Specified Losses from both parents. The Specified Loss Equalization Payment with respect to the applicable prior period shall be made within 10 Business Days following the date of delivery of the Designated Accountants' report with respect to such period, in cash by wire transfer of immediately available funds.

(f) Each of AT&T and BT acknowledges and agrees that the payment of the Specified Loss Equalization Payment shall be in full and final settlement of any rights that it may have against the other parent with respect to Specified Losses

paid by it or its Affiliates. Each Covered Loss that is not a Specified Loss shall be the responsibility of and borne by the parent or its Affiliate which suffers the Covered Loss

4.6 Designated Accountants

(a) Within 60 days after the date hereof, the parents shall jointly enter into an engagement letter with PricewaterhouseCoopers LLP or Ernst & Young LLP (the "**Designated Accountants**"), incorporating the items set forth on Schedule 4.6(a) attached hereto. Pursuant to the terms of such engagement letter, the Designated Accountants shall be instructed as of the date thereof to perform the work and make the determinations described in Sections 4.2, 4.3 and 4.5, within the periods specified therein.

(b) The parents shall promptly make available or cause to be made available to the Designated Accountants all data and information reasonably requested by the Designated Accountants for purposes of conducting their work and rendering their determinations as provided in Sections 4.2, 4.3 and 4.5, including information in the possession of PricewaterhouseCoopers LLP in its capacity as outside auditors of Concert BV, and with a view to enabling the Designated Accountants to complete its work in the time period contemplated in Section 4.2(b). Without limiting the foregoing, from and after the Closing Date, to enable the Designated Accountants to complete its work under Sections 4.2, 4.3 and 4.5, AT&T and BT shall give the Designated Accountants and its representatives reasonable access during normal business hours to the properties, books and records of the AT&T Concert Group and BT Concert Group, respectively, and the employees, accountants and other consultants of each member of the AT&T Concert Group and BT Concert Group, respectively (provided, that such access does not unreasonably interfere with the business of such member of the AT&T Concert Group or BT Concert Group, as the case may be), and furnish the Designated Accountants and its representatives with all such information as the Designated Accountants may reasonably request.

(c) The fees and expenses of the Designated Accountants shall be borne equally by the parents. The Designated Accountants shall act as an expert and not as an arbitrator. Absent manifest error, the report and determinations of the Designated Accountants shall be final and binding on the parents. The parents expressly waive any right they may have to seek review by the Wise Counselor or judicial review of any such determinations on any ground, absent manifest error.

4.7 Handling of Actions

(a) In the case of an Action that could reasonably be expected to involve an Operational Concert Liability and that is brought against the Responsible Parent or against both the Responsible Parent and the other parent, the Responsible Parent shall be primarily responsible for defending such Action. If an Action involving an Operational Concert Liability has been brought only against a parent other than the Responsible Parent, the matter shall be handled in accordance with Article XI to the extent set forth therein.

(b) If an Action that could reasonably be expected to result in a Specified Loss is brought against both parents or their Affiliates, the primary responsibility for defending any such Action shall be allocated to either parent if, and so long as, it is a party to such Action based on the geographic location of the forum in which such Action was brought as follows:

<u>Claim brought in:</u>	<u>Allocated to:</u>
United Kingdom	BT
Europe	BT
Middle East	BT
Africa	BT
North America	AT&T
Caribbean/Latin America	AT&T
Asia Pacific	AT&T

If any Action that could reasonably be expected to involve a Specified Loss has been brought only against one parent or its Affiliates it shall, subject to Section 4.7(c), have sole responsibility for defending such Action.

(c) The parent with the primary or sole responsibility for defending an Action as described in Sections 4.7(a) and 4.7(b) shall control the defense of such Action and may consent to the entry of any judgment or enter into any settlement of the Action; provided that if any settlement would require the other parent to contribute its 50% share of the Supplier/Distributor Excess Loss as set forth in Section 4.4(b) or its 50% share of any Specified Losses in excess of \$10,000,000, in the aggregate, as set forth in Section 4.5(b), such other parent's consent shall be required, and provided, further, however, that the consent of the other parent shall be required if the effect thereof is to permit any injunction, declaratory judgment, order or other nonmonetary relief to be entered, directly or indirectly, against the other parent or any Affiliate thereof or the settlement does not include a full release from liability of the other parent or any Affiliate thereof. The parent not in control of a defense may nonetheless participate in the defense at its own cost and expense.

(d) This Section 4.7 covers only the handling of any Action involving an Operational Concert Liability or Specified Loss and shall not affect the allocation of such Liabilities as set forth in Sections 4.4 and 4.5, respectively.

4.8 Pre-GV Liabilities. The Excluded AT&T Liabilities shall be transferred to, or remain with or be assumed by, AT&T and the Excluded BT Liabilities shall be transferred to, or remain with or be assumed by, BT, in each case without regard to the limitations or qualifications thereon contained in Sections 25.4(c) and (d) of the Framework Agreement (it being understood that the Concert Liabilities excluded from the definition of "Excluded BT Liabilities" pursuant to the parenthetical clause of paragraph (c) of the definition thereof do not constitute Excluded BT Liabilities, but are Liabilities of the Concert Group).

4.9 Post-Closing Liabilities

(a) Subject to Section 4.10, AT&T shall be responsible for all Liabilities of the AT&T Allocated Business to the extent incurred or resulting from any fact, event or circumstance occurring or existing after the Closing (the "AT&T Post-Closing Liabilities").

(b) Subject to Section 4.10, BT shall be responsible for all Liabilities of the BT Allocated Business to the extent incurred or resulting from any fact, event or circumstance occurring or existing after the Closing (the "BT Post-Closing Liabilities").

4.10 Cable Commitments

(a) With respect to all commitments to acquire cable assets or cable capacity that were entered into by a parent before January 5, 2000 and in respect of which, as of the Closing Date, the cable assets or cable capacity will be transferred or allocated to such parent, such parent will be solely responsible for all funding obligations or other liabilities that become due from and after the Closing Date with respect thereto. For the avoidance of doubt, if each parent had a commitment to acquire a cable asset or cable capacity on the same cable, all funding obligations with respect to that cable asset or cable capacity shall be transferred or allocated, as of the Closing Date, to the parents in the same proportion as each parent's commitments bore to the total of all commitments on such system.

(b) With respect to all commitments relating to, or acquisitions of, cable assets or cable capacity that were entered into by the Concert Group from January 5, 2000 to the Closing Date, each parent will be solely responsible for all funding obligations or other liabilities that become due from and after the Closing Date with respect to the portion of such cable assets or cable capacity that was allocated to such parent as of the Closing Date.

(c) With respect to all cable assets and cable capacity that are allocated or transferred to a parent as of the Closing Date, such parent shall be responsible for all ongoing operational and maintenance costs arising from and after the Closing Date relating thereto with respect to that portion of such cable asset or cable capacity that was allocated to such parent as of the Closing Date.

(d) Notwithstanding the provisions of Section 4.10(a) through (c), any commitments relating to, or acquisitions of, cable assets or cable capacity that become due prior to the Closing Date shall be the responsibility of the Concert Group and shared equally by the parents (without duplication of any such commitment taken into account in the determination of the Adjusted Net Assets of the AT&T Concert Group and the BT Concert Group and the Post-Closing Payment), regardless of when and by whom such commitments were made, and regardless of which parent is allocated the applicable assets or capacity.

4.11 Post-Closing Collections and Payments.

(a) With respect to any accounts receivable that, as of the Closing Date, are transferred from a member of a parent's A/B Concert Group to a member of the other parent's A/B Concert Group, if any amounts are collected in respect thereof by the transferor it shall keep such payments segregated from its other funds, and promptly pay over such amounts to the transferee of such accounts receivable. Similarly, if, after the Closing Date, a parent or any of its Affiliates receives any payments in respect of contracts, customer accounts or accounts receivables that have been allocated and transferred to the other parent or its Affiliates in accordance with this Agreement, the first parent or its Affiliates shall keep such payments segregated from its other funds, and promptly pay over such payments to such other parent or its Affiliates. Subject to Section 4.7, the parent to whom any accounts receivable shall have been allocated and transferred in accordance with this Agreement shall have the exclusive right to deal with the obligor thereof with respect to any matter regarding the collection or settlement of such accounts receivable.

(b) With respect to any accounts payable that, as of the Closing Date, are transferred or allocated from a member of a parent's A/B Concert Group to a member of the other parent's A/B Concert Group, the transferee thereof or the parent to whom such accounts payable have been allocated in accordance with this Agreement shall be responsible for the payment, settlement or discharge thereof.

ARTICLE V

OPERATIONAL MATTERS

5.1 Funding.

(a) The parties acknowledge that a funding plan for the Concert Group (the "**Funding Plan**") was adopted at the Management Board meeting of Concert BV on October 11, 2001. Except as otherwise agreed by the Shareholder Representatives or in the Unwind Agreements, the parents agree to fund, on a 50/50 basis, or cause Concert BV to fund, the projects identified in the Transition Plan, including any such projects that are not completed by the Closing, and any contingency plans therefor set forth in the Transition Plan, in each case, consistent with the decision of the Management Board on October 11, 2001.

(b) Each parent will also act in good faith to support the other parent's ability to offer and provide services to customers until such time as the Transition Plan is complete and such other parent is able to manage its Allocated Business.

5.2 Assets Acquired Between Signing and Closing.

(a) Notwithstanding anything to the contrary contained herein, but subject to the Transition Plan and the other Unwind Agreements, the cost of any GV Asset that is acquired by any member of the Concert Group between the date hereof and